



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
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REPORT
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September 19, 1990

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE FOR POLICY
ASSISTANT SECRETARY OF THE ARMY (FINANCIAL
MANAGEMENT)
ASSISTANT SECRETARY OF THE NAVY (FINANCIAL
MANAGEMENT)
ASSISTANT SECRETARY OF THE AIR FORCE (FINANCIAL
MANAGEMENT AND COMPTROLLER)
DIRECTOR, DEFENSE INVESTIGATIVE SERVICE

SUBJECT: Report on the Survey of DoD Personnel Security
Investigation Policies for Personnel that Transfer into
a DoD Component (Project No. OAD-0037)

Introduction

We are providing this final report for your information and use. The overall objective of the survey was to determine if the personnel security investigation and adjudication process is efficient and effective. Specifically, we determined if personnel security reinvestigations and adjudications are necessary when personnel transfer from another Government agency to a DoD Component or between DoD Components. We also evaluated internal controls as they related to the objective. We conducted the survey from January through July 1990 in coordination with similar audits conducted by other members of the President's Council on Integrity and Efficiency. 1/

The survey was initiated because of a continuing perception that individuals thought to have been appropriately investigated by a losing Government agency or DoD Component were being unnecessarily investigated when they transferred between Government agencies or DoD Components. One announced objective is not addressed in this report. That objective was to determine if the investigative and adjudication (see glossary of terms in Enclosure 1) process can be standardized throughout the

1/ The President's Council on Integrity and Efficiency was created by President Reagan in March 1982 and consists primarily of the Inspector General of the Government Departments and major agencies. The Council is responsible for developing plans for coordinated Government-wide activities that attack fraud and waste in Government programs and operations.

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Government to materially reduce the cost of security investigations. Its purpose was to address problems we anticipated would result from finding a significant number of unnecessary investigations. We found an insignificant number of unnecessary investigations.

Scope of Survey

Automated personnel records from the Defense Manpower Data Center's DoD Civilian Central Personnel Data File (Data File) were used to establish a universe for analysis. We extracted 11,089 of 96,493 records from the Data File, which was the number of personnel DoD Components hired in FY 1989. The universe parameters required that each record be for an individual who was hired in FY 1989 as a full-time civilian and who had transferred from another Government agency or DoD Component to a DoD Component, but was not hired as a foreign national or a nonappropriated fund employee. In addition, a person transferring within a single DoD Component was excluded from the universe.

We limited our universe to Nature of Action Code 130, to exclude newly hired personnel who generally require an investigation when hired. Our universe was reduced to 8,976 of the 11,089 records by limiting the survey to 2,952 Army, 2,887 Navy, and 3,137 Air Force records. The remaining 2,113 records of the Office of the Secretary of Defense and Defense agencies were to be audited if survey results had indicated significant areas of concern.

We randomly selected 50 Army, 50 Navy, and 60 Air Force records to determine if DoD Components were initiating unnecessary investigations. We analyzed 138 of these 160 records (see Enclosure 2). The number of records in the sample were to be expanded should the survey results indicate significant areas of concern.

We interviewed personnel and examined personnel and security documents of individuals who transferred in FY 1989. We interviewed personnel in the Offices of the Deputy Under Secretary of Defense for Security Policy, Defense Investigative Service, Army Central Personnel Clearance Facility, Naval Central Adjudication Facility, and the Air Force Security Clearance Office. We also interviewed personnel in the Air Force Office of Security Police by phone, and officials at 91 Army, Navy, and Air Force personnel offices by phone and through questionnaires. Some personnel offices were responsible for more than 1 of the 138 records we analyzed. We sent out questionnaires to obtain personnel and security information on each transfer record. We analyzed records in the DoD Civilian Central Data File and supporting source documents from the personnel offices. We analyzed personnel and security documents such as Notification of Personnel Action (Standard Form 50B), Civilian Personnel Position Description (AF Form 1378), Data for Nonsensitive or

Noncritical Sensitive Position (Standard Form 85), Application for Federal Employment (Standard Form 171), Certificate of Clearance and/or Security Determination (DA Form 873), and Request for Preliminary Employment Data (Standard Form 75). We examined information in the Defense Central Index of Investigations and pertinent investigative files. We also examined a listing of investigations from the Office of Personnel Management. A listing of activities visited or contacted is provided in Enclosure 3.

This economy and efficiency audit was made in accordance with auditing standards issued by the Comptroller General of the United States, as implemented by the Inspector General, DoD, and accordingly included such tests of internal controls as were considered necessary.

Internal Controls

We evaluated the internal controls applicable to preventing or detecting unnecessary investigations. The Department of Defense Personnel Security Program Regulation; DoD 5200.2-R, January 1987; and implementing Army, Navy, and Air Force regulations:

- permit acceptance of prior clearances and investigations of other Government agencies provided the scope and age of the investigation meets DoD standards;
- require acceptance of prior DoD investigations and clearances subject to periodic reinvestigation; and
- prohibit unauthorized and unnecessary investigations.

The written guidance contained in these regulations has helped prevent unnecessary investigations. The results of our survey tests, as shown in Enclosure 2, indicate that the Military Departments were in compliance with these regulations. Based on these results, the internal controls applicable to unnecessary investigations were deemed to be effective.

Background

Executive Order 10450, "Security Requirements for Government Employment," April 27, 1953, is the authority for the Government's personnel security program. The Executive order assigns broad oversight responsibility for the civilian personnel security program to the Office of Personnel Management and emphasizes uniformity and fairness in both investigative coverage and adjudication standards. The Executive order neither establishes a uniform personnel security program throughout the Executive branch of the Government nor does it require Government agencies to accept clearances granted by or investigations conducted by other Government agencies.

DoD 5200.2-R implements Executive Order 10450. Within DoD, the Defense Investigative Service is responsible for conducting personnel security field investigations for DoD Components. The Office of Personnel Management conducts national agency checks plus written inquiries on DoD employees. In FY 1989, the Defense Investigative Service opened 27,193 field investigations for civilians--6,224 background investigations, 9,682 special background investigations, and 11,287 periodic reinvestigations.

The Military Departments have central adjudication facilities. These facilities are limited to evaluating personnel security investigations that were performed by the Defense Investigative Service or other agencies and making personnel security determinations.

Prior Audit Coverage

There was no prior audit coverage for our audit objectives in the last five years.

Discussion

Reinvestigations. Survey results showed that the Army, Navy, and Air Force were not unnecessarily initiating investigations of personnel transferring to their Departments from other Government agencies or DoD Components. Instead, prior investigations were generally accepted when appropriate, and individuals were investigated or reinvestigated in appropriate circumstances.

Our analysis of 138 records of individuals who transferred in FY 1989 showed that DoD accepted prior investigations in 124 instances and initiated a new investigation in 14 instances. We found that only 4 of the 14 new investigations were unnecessary. Enclosure 2 shows the breakdown of our analysis by those individuals who transferred from other Government agencies or DoD Components to the Army, Navy, or Air Force.

We determined that a new investigation or reinvestigation was appropriate when available records showed no evidence of an investigation appropriate for the position to be filled; the individual had been separated from the Government for 12 months or more since the individual's last investigation; or the individual's new position was higher than noncritical sensitive, and although the prior investigation was appropriate for the position, the prior investigation was over five years old. We concluded that new investigations that met these tests were appropriately initiated. For example, an individual who transferred from the Navy to the Air Force had needed a national agency check plus written inquiries for a prior position with the Navy. The Air Force position was critical sensitive and required a background investigation. The Air Force granted an interim clearance based on the national agency check plus written inquiries once the new background investigation was initiated.

The unnecessary investigations appear to be related to clerical mishandling of the personnel or security documents because evidence of the investigations should have been in the personnel file. The four unnecessary investigations were each a national agency check plus written inquiries. The Office of Personnel Management documented such investigations with a stamped entry on an employee's Application for Federal Employment (Standard Form 171). In some instances the entry was on another document or was not found. Our inquiries with the Office of Personnel Management or inquiries into the Defense Central Index of Investigations showed that a prior investigation had been completed and should have been accepted. For example, one individual who transferred from the Army to a nonsensitive position in the Navy was unnecessarily investigated. The Office of Personnel Management records showed that it had completed a national agency check plus written inquiries in February 1987, yet the Navy initiated the same type of investigation in October 1989. The individual had not left Government service since the investigation was completed in 1987.

Our results also showed that most records (131 of 138) involved individuals that were transferring into a position that was classified as a nonsensitive or noncritical sensitive position. Such positions required a national agency check plus written inquiries. Few of the records (7 of 138) were for new positions classified as critical sensitive positions that would require a background investigation. We found no instances where the Military Departments had initiated an unnecessary background investigation.

Adjudication. DoD 5200.2-R, paragraph 4-102, provides that ". . . adjudicative determinations for appointment in sensitive positions, assignment to sensitive duties or access to classified information . . . made by designated DoD authorities will be mutually and reciprocally accepted without requiring additional investigation" Furthermore, whenever a valid DoD security clearance is on record in the Defense Central Index of Investigations, DoD Components shall not request the prior investigation for review. However, additional investigation or review of the prior investigation is authorized in certain instances. These situations include when there has been a break in the individual's Government employment of more than 12 months since the last investigation, when significant derogatory information becomes known, and when the individual is being considered for a higher level clearance. Requests for prior investigative files of the Defense Investigative Service must be in writing and the specific justification for the request must be cited.

Our survey disclosed two instances of potentially unnecessary readjudications of existing investigations by the Military Departments. Both instances were for individuals who transferred from the Defense Mapping Agency. The readjudications resulted because the Defense Central Index of Investigations showed an appropriate prior investigation but did not show an

adjudication. An official of the Defense Mapping Agency stated that it did not have the capability to enter its adjudication until FY 1989, and it had a substantial backlog of unentered adjudications as late as July 1990.

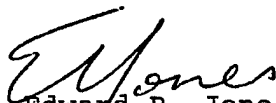
An official of the Office of the Deputy Under Secretary of Defense for Security Policy confirmed that the Defense agencies have only recently gained the ability to enter their adjudications into the Defense Central Index of Investigations. Accordingly, we believe that unnecessary adjudications will decrease as the Defense agencies eliminate their backlog of unentered adjudications. Nothing further came to our attention during the survey that would lead us to conclude that the Military Departments were not complying with DoD guidance.

We decided to curtail the survey based on a positive assessment of internal controls that would preclude unnecessary investigations, positive survey results, and a relatively low potential for monetary benefits. We estimated that if all individuals who transferred in FY 1989, with a prior field investigation, were subjected to an unnecessary investigation because of the transfer, the potential unnecessary cost would have been \$5.3 million.

We did not issue a draft report or solicit comments from management since there were no findings, monetary benefits, or recommendations. Instead, we are publishing survey results in final form. If you choose to provide comments on this report, they should be provided within 60 days of the date of this memorandum.

The courtesies extended to the audit staff, as listed in Enclosure 4, were appreciated. If you have any questions on this survey, please contact Ms. Kathleen M. Stanley at (703) 693-0551 (AUTOVON 223-0551) or Mr. James B. Elmore at (703) 693-0541 (AUTOVON 227-7897). We will give you a formal briefing on the results of audit within 15 days of the date of this memorandum, should you desire it. Copies of the final report will be distributed to the activities listed in Enclosure 5.

This report, or portions of this report, will be included in a President's Council on Integrity and Efficiency summary report.



Edward R. Jones
Deputy Assistant Inspector General
for Auditing

cc:

Secretary of the Army
Secretary of the Navy
Secretary of the Air Force

GLOSSARY

Adjudication - The process of assessing whether a person's loyalty, reliability, and trustworthiness are such that entrusting the person with classified information or assigning the person to sensitive duties is clearly consistent with the interests of national security.

Defense Central Index of Investigations - This data base contains indices for DoD investigative files and clearance entries for DoD personnel who have been granted security clearances.

Defense Manpower Data Center - This Center collects and maintains a library of DoD Automated Personnel files. The Center also manages selected DoD-wide operational personnel programs, provides data support to the DoD Manpower/Personnel Community, and supports the personnel information requirements of the Office of the Secretary of Defense.

DoD Component - Includes the Office of the Secretary of Defense, the Military Departments, the Unified and Specified Commands, and the Defense agencies. The Defense Intelligence Agency and National Security Agency are not included in this report as DoD Components.

Personnel Security Investigation - Any investigation required for determining the eligibility of DoD military and civilian personnel, contractor employees, consultants, and other persons affiliated with DoD, for access to classified information, acceptance or retention in the Armed Forces, assignment or retention in sensitive duties, or other designated duties requiring such investigation. These investigations include background investigations, local agency checks, national agency checks plus written inquiries, periodic reinvestigations, and special background investigations.

Background Investigation - A personnel security investigation consisting of both record reviews and interviews. The period of investigation for a background investigation is the last 5 years of an individual's life or since the person's 18th birthday, whichever is shorter, provided that at least 2 full years are covered.

Local Agency Checks - A personnel security investigation that consists of records reviews at all places of an individual's residence, to include duty stations or home ports in the 50 states; the District of Columbia; and Puerto Rico in the last 15 years or during the period of investigation, whichever is shorter.

National Agency Check Plus Written Inquiries - A personnel security investigation conducted by the Office of Personnel Management that consists of a records review. This records review includes a technical fingerprint search of the files of the Federal Bureau of Investigation, along with written inquiries to law enforcement agencies; former employers; and supervisors, references, and schools.

Periodic Reinvestigation - An investigation conducted every 5 years to update a previously completed background investigation or special background investigation. The scope will consist of a personal interview, national agency check, local agency checks, credit bureau checks, employment records, employment references, and developed character references.

Special Background Investigation - A personnel security investigation consisting of all of the components of a background investigation plus certain additional investigative requirements that are described in the DoD Personnel Security Program Regulation, DoD 5200.2-R, Appendix B, paragraph 4. The period of investigation for a special background investigation is the last 15 years of an individual's life or since the person's 18th birthday, whichever is shorter, provided that at least 2 full years are covered.

Position Sensitivity - A competitive service position must be designated at a sensitivity level commensurate with the responsibilities and attributes of the position as they relate to the efficiency of the service. The sensitivity levels are ranked according to the degree of adverse affect on the efficiency of the service that an unsuitable person could cause. There are three sensitivity levels for positions within DoD, which consist of Critical-Sensitive, Noncritical-Sensitive, and Nonsensitive.

Critical-Sensitive - Positions that require access to top secret information are specifically designated or involve duties demanding the highest degree of public trust.

Noncritical-Sensitive - Positions that involve duties that may directly or indirectly adversely affect the overall operations of the agency and that demand a high degree of confidence and trust. Such positions may also have a need for access to secret or confidential national security materials and information.

Nonsensitive - Positions that are not designated as critical-sensitive or noncritical-sensitive.

RESULTS OF ANALYSIS BY MILITARY DEPARTMENT

SAMPLE			RESULTS OF ANALYSIS									
Sample Size	Analyzed	Not Analyzed	Sensitivity of New Position 2/			Investigation Type Needed for New Position 2/		Prior Investigation Accepted	New Investigation Ordered	New Investigations Were		
			1/ NS	NCS	CS	NACI	BI			Unneeded	Needed	
TRANSFERS TO THE ARMY												
From Other Agencies	14	N/A	7	7	0	14	0	10	4	1	3	
From Other DoD Components	32	N/A	16	15	1	31	1	31	1	1	0	
Army Totals	46	4	23	22	1	45	1	41	5	2	3	
TRANSFERS TO THE NAVY												
From Other Agencies	15	N/A	7	8	0	15	0	14	1	0	1	
From Other DoD Components	25	N/A	14	10	1	24	1	21	4	2	2	
Navy Totals	40	10	21	18	1	39	1	35	5	2	3	
TRANSFERS TO THE AIR FORCE												
From Other Agencies	15	N/A	7	7	1	14	1	15	0	0	0	
From Other DoD Components	37	N/A	18	15	4	33	4	33	4	0	4	
Air Force Totals	52	8	25	22	5	47	5	48	4	0	4	
SUMMARY OF TRANSFERS												
From Other Agencies	44	N/A	21	22	1	43	1	39	5	1	4	
From Other DoD Components	94	N/A	48	40	6	88	6	85	9	3	6	
Summary Totals	138	22	69	62	7	131	7	124	14	4	10	

1/ Records were not analyzed when the record did not fit sample criteria (erroneous computer input) or the information was not available in sufficient time to complete the analysis. Generally, information that was not available in sufficient time had been archived.

2/ NS - Nonsensitive, NCS - Noncritical Sensitive, CS - Critical Sensitive, NACI - National Agency Check plus Written Inquiries, BI - Background Investigation.

ACTIVITIES VISITED OR CONTACTED

Office of the Secretary Of Defense

Deputy Under Secretary of Defense for Security Policy,
Washington, DC

Department of the Army

U.S. Army Total Personnel Command, Alexandria, VA
U.S. Army Central Personnel Security Clearance Facility,
Ft. Meade, MD

Department of the Navy

Naval Investigations Command, Washington Navy Yard,
Washington, DC
Naval Central Adjudication Facility, Washington Navy Yard,
Washington, DC

Department of the Air Force

Air Force Inspector General, Washington, DC
Air Force Office of Security Police, Kirtland Air Force Base, NM
Air Force Security Clearance Office, Arlington, VA

Defense Activities

Defense Investigative Service, Headquarters, Washington, DC
Defense Investigative Service, Personnel Investigations Center,
Baltimore, MD
Defense Manpower Data Center, Monterey, CA
Defense Mapping Agency, Fairfax, VA
Defense Personnel Security Research and Education Center,
Monterey, CA

Personnel or Security Offices Contacted

Army	29
Navy	35
Air Force	27
Total	<u>91</u>

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Non-DoD Activities

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Congressional Committees:

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Senate Committee on Governmental Affairs

Senate Ranking Minority Member, Committee on Armed Services

House Committee on Appropriations

House Subcommittee on Defense, Committee on Appropriations

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